

AMENDED IN ASSEMBLY APRIL 21, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2297**

**Introduced by Assembly Member Vincent**

February 19, 1998

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An act to amend ~~Section 19859~~ *Sections 19801, 19852.1, and 19859* of the Business and Professions Code, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

AB 2297, as amended, Vincent. Gambling.

*(1) Existing law sets forth the dangers of gambling and declares that the public policy of this state disfavors gambling and prohibits gambling as specified. Existing law also declares that no person in this state has a right to operate a gambling enterprise except as expressly permitted by law, and that gambling activities that are not expressly prohibited or regulated by state law may be prohibited or regulated by local government. Existing law further declares that no new cardroom may be opened in a city, county, or city and county in which a cardroom was not operating on and before January 1, 1984, except upon the approval of the electors of that city or county, or city and county.*

*This bill would further declare that the State of California has permitted the operation of gambling establishments for more than 100 years, that those establishments currently employ more than 20,000 people in this state, contribute more than \$100,000,000 in taxes and fees to California's government,*

*and that gambling establishments are lawful enterprises entitled to full protection of the laws. The bill would also change the above provision prohibiting the opening of a new cardroom as specified, to apply instead to a gambling establishment.*

*(2) Existing law authorizes a publicly traded racing association or a qualified racing association to operate only one gaming club, and requires that the gaming club be located on the same premises as the entity's race track.*

*This bill would make the above provision applicable to a gaming establishment rather than a gambling club.*

*(3) Existing law requires every person who, either as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, deals, operates, carries on, conducts, maintains, or exposes for play any controlled game in this state, or who receives, directly or indirectly, any compensation or reward, or any percentage or share of the money or property played, for keeping, running, or carrying on any controlled game in this state, to obtain, and thereafter maintain a valid state gambling license, key employee license, or work permit. Existing law prohibits the assignment or transfer of a license issued pursuant to these provisions either in whole or in part.*

*This bill would authorize the assignment or transfer of a license either in whole or in part with the prior approval of the Division of Gambling Control in the Department of Justice, the California Gambling Control Board, or the California Gambling Control Commission.*

*Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.*

*The people of the State of California do enact as follows:*

1 SECTION 1. *Section 19801 of the Business and*  
2 *Professions Code is amended to read:*

3 19801. The Legislature hereby finds and declares all  
4 of the following:

5 (a) The longstanding public policy of this state  
6 disfavors the business of gambling. State law prohibits  
7 commercially operated lotteries, banked or percentage



1 games, and gambling machines, and strictly regulates  
2 parimutuel wagering on ~~horseracing~~ horse racing. To the  
3 extent that state law categorically prohibits certain forms  
4 of gambling and prohibits gambling devices, nothing  
5 herein shall be construed, in any manner, to reflect a  
6 legislative intent to relax those prohibitions.

7 (b) Gambling can become addictive and is not an  
8 activity to be promoted or legitimized as entertainment  
9 for children and families.

10 (c) (1) Unregulated gambling enterprises are  
11 inimical to the public health, safety, welfare, and good  
12 order. Accordingly, no person in this state has a right to  
13 operate a gambling enterprise except as may be expressly  
14 permitted by the laws of this state and by the ordinances  
15 of local governmental bodies.

16 (2) *The State of California has permitted the operation*  
17 *of gambling establishments for more than one hundred*  
18 *years. Gambling establishments were first regulated by*  
19 *the State of California pursuant to legislation which was*  
20 *enacted in 1984. Gambling establishments currently*  
21 *employ more than twenty thousand people in the State*  
22 *of California, and contribute more than one hundred*  
23 *million dollars in taxes and fees to California's*  
24 *government. Gambling establishments are lawful*  
25 *enterprises in the State of California, and are entitled to*  
26 *full protection of the laws of this state. The industry is*  
27 *currently in significant decline, with more than half the*  
28 *gambling establishments in this state closing within the*  
29 *past four years. It is the policy of the State of California to*  
30 *preserve employment in lawful industries operating in*  
31 *this state.*

32 (d) It is the policy of this state that gambling activities  
33 that are not expressly prohibited or regulated by state law  
34 may be prohibited or regulated by local government.  
35 Moreover, it is the policy of this state that no new  
36 ~~cardroom~~ gambling establishment may be opened in a  
37 city, county, or city and county in which a ~~cardroom~~  
38 gambling establishment was not operating on and before  
39 January 1, 1984, except upon the affirmative vote of the  
40 electors of that city, county, or city and county.

1 (e) It is not the purpose of this chapter to expand  
2 opportunities for gambling, or to create any right to  
3 operate a gambling enterprise in this state or to have a  
4 financial interest in any gambling enterprise. Rather, it is  
5 the purpose of this chapter to regulate businesses that  
6 offer otherwise lawful forms of gambling games.

7 (f) Public trust that permissible gambling will not  
8 endanger public health, safety, or welfare requires that  
9 comprehensive measures be enacted to ensure that such  
10 gambling is free from criminal and corruptive elements,  
11 that it is conducted honestly and competitively, and that  
12 it is conducted in suitable locations.

13 (g) Public trust and confidence can only be  
14 maintained by strict and comprehensive regulation of all  
15 persons, locations, practices, associations, and activities  
16 related to the operation of lawful gambling  
17 establishments and the manufacture or distribution of  
18 permissible gambling equipment.

19 (h) All gambling operations, all persons having a  
20 significant involvement in gambling operations, all  
21 establishments where gambling is conducted, and all  
22 manufacturers, sellers, and distributors of gambling  
23 equipment must be licensed and regulated to protect the  
24 public health, safety, and general welfare of the residents  
25 of this state as an exercise of the police powers of the state.

26 (i) To ensure that gambling is conducted honestly,  
27 competitively, and free of criminal and corruptive  
28 elements, all licensed gambling establishments in this  
29 state must remain open to the general public and the  
30 access of the general public to licensed gambling  
31 activities must not be restricted in any manner, except as  
32 provided by the Legislature. However, subject to state  
33 and federal prohibitions against discrimination, nothing  
34 herein shall be construed to preclude exclusion of  
35 unsuitable persons from licensed gambling  
36 establishments in the exercise of reasonable business  
37 judgment.

38 (j) In order to effectuate state policy as declared  
39 herein, it is necessary that gambling establishments,  
40 activities, and equipment be licensed, that persons

1 participating in those activities be licensed or registered,  
 2 that certain transactions, events, and processes involving  
 3 gambling establishments and owners of gambling  
 4 establishments be subject to prior approval or permission,  
 5 that unsuitable persons not be permitted to associate with  
 6 gambling activities or gambling establishments, and that  
 7 gambling activities take place only in suitable locations.  
 8 Any license or permit issued, or other approval granted  
 9 pursuant to this chapter, is declared to be a revocable  
 10 privilege, and no holder acquires any vested right therein  
 11 or thereunder.

12 (k) The location of lawful gambling premises, the  
 13 hours of operation of those premises, the number of tables  
 14 permitted in those premises, and wagering limits in  
 15 permissible games conducted in those premises are  
 16 proper subjects for regulation by local governmental  
 17 bodies. However, consideration of those same subjects by  
 18 a state regulatory agency, as specified in this chapter, is  
 19 warranted when local governmental regulation  
 20 respecting those subjects is inadequate or the regulation  
 21 fails to safeguard the legitimate interests of residents in  
 22 other governmental jurisdictions.

23 (l) The exclusion or ejection of certain persons from  
 24 gambling establishments is necessary to effectuate the  
 25 policies of this chapter and to maintain effectively the  
 26 strict regulation of licensed gambling.

27 (m) Records and reports of cash and credit  
 28 transactions involving gambling establishments may  
 29 have a high degree of usefulness in criminal and  
 30 regulatory investigations and, therefore, licensed  
 31 gambling operators may be required to keep records and  
 32 make reports concerning significant cash and credit  
 33 transactions.

34 *SECTION 2. Section 19852.1 of the Business and*  
 35 *Professions Code is amended to read:*

36 19852.1. A publicly traded racing association or a  
 37 qualified racing association shall be allowed to operate  
 38 only one gaming-~~club~~ establishment, and the gaming-~~club~~  
 39 establishment shall be located on the same premises as  
 40 the entity's racetrack.

1     *SEC. 3.* Section 19859 of the Business and Professions  
2 Code is amended to read:  
3     19859. No license may be assigned or transferred  
4 either in whole or in part without the prior approval of  
5 the division, board, or commission.

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